

Adopted	Rejected
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COMMITTEE REPORT

YES:	23
NO:	0

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1728, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 3, delete lines 39 through 42, begin a new line block indented
- 2 and insert:
- 3 **"(19) Add an amount equal to that part of any depreciation**
- 4 **allowance allowed in computing the taxpayer's federal**
- 5 **adjusted gross income that is attributable to the additional**
- 6 **first-year special depreciation allowance (bonus depreciation)**
- 7 **for qualified property allowed under Section 168(k) of the**
- 8 **Internal Revenue Code."**
- 9 Page 4, delete lines 16 through 19, begin a new line block indented
- 10 and insert:
- 11 **"(5) Add an amount equal to that part of any depreciation**
- 12 **allowance allowed in computing the taxpayer's federal**
- 13 **adjusted gross income that is attributable to the additional**
- 14 **first-year special depreciation allowance (bonus depreciation)**

1 **for qualified property allowed under Section 168(k) of the**
 2 **Internal Revenue Code."**

3 Page 4, line 35, delete lines 35 through 38, begin a new line block
 4 indented and insert:

5 **"(5) Add an amount equal to that part of any depreciation**
 6 **allowance allowed in computing the taxpayer's federal**
 7 **adjusted gross income that is attributable to the additional**
 8 **first-year special depreciation allowance (bonus depreciation)**
 9 **for qualified property allowed under Section 168(k) of the**
 10 **Internal Revenue Code."**

11 Page 5, delete lines 12 through 15, begin a new line block indented
 12 and insert:

13 **"(5) Add an amount equal to that part of any depreciation**
 14 **allowance allowed in computing the taxpayer's federal**
 15 **adjusted gross income that is attributable to the additional**
 16 **first-year special depreciation allowance (bonus depreciation)**
 17 **for qualified property allowed under Section 168(k) of the**
 18 **Internal Revenue Code."**

19 Page 5, delete lines 26 through 29, begin a new line block indented
 20 and insert:

21 **"(3) Add an amount equal to that part of any depreciation**
 22 **allowance allowed in computing the taxpayer's federal**
 23 **adjusted gross income that is attributable to the additional**
 24 **first-year special depreciation allowance (bonus depreciation)**
 25 **for qualified property allowed under Section 168(k) of the**
 26 **Internal Revenue Code."**

27 Page 6, between lines 21 and 22, begin a new paragraph and insert:

28 "SECTION 3. IC 6-5.5-1-2, AS AMENDED BY P.L.273-1999,
 29 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JANUARY 1, 2003 (RETROACTIVE)]: Sec. 2. (a) Except as provided
 31 in subsections (b) through (d), "adjusted gross income" means taxable
 32 income as defined in Section 63 of the Internal Revenue Code, adjusted
 33 as follows:

34 (1) Add the following amounts:

35 (A) An amount equal to a deduction allowed or allowable
 36 under Section 166, Section 585, or Section 593 of the Internal
 37 Revenue Code.

38 (B) An amount equal to a deduction allowed or allowable

- 1 under Section 170 of the Internal Revenue Code.
- 2 (C) An amount equal to a deduction or deductions allowed or
- 3 allowable under Section 63 of the Internal Revenue Code for
- 4 taxes based on or measured by income and levied at the state
- 5 level by a state of the United States or levied at the local level
- 6 by any subdivision of a state of the United States.
- 7 (D) The amount of interest excluded under Section 103 of the
- 8 Internal Revenue Code or under any other federal law, minus
- 9 the associated expenses disallowed in the computation of
- 10 taxable income under Section 265 of the Internal Revenue
- 11 Code.
- 12 (E) An amount equal to the deduction allowed under Section
- 13 172 or 1212 of the Internal Revenue Code for net operating
- 14 losses or net capital losses.
- 15 (F) For a taxpayer that is not a large bank (as defined in
- 16 Section 585(c)(2) of the Internal Revenue Code), an amount
- 17 equal to the recovery of a debt, or part of a debt, that becomes
- 18 worthless to the extent a deduction was allowed from gross
- 19 income in a prior taxable year under Section 166(a) of the
- 20 Internal Revenue Code.
- 21 **(G) An amount equal to that part of any depreciation**
- 22 **allowance allowed in computing the taxpayer's federal**
- 23 **adjusted gross income that is attributable to the additional**
- 24 **first-year special depreciation allowance (bonus**
- 25 **depreciation) for qualified property allowed under Section**
- 26 **168(k) of the Internal Revenue Code.**
- 27 (2) Subtract the following amounts:
- 28 (A) Income that the United States Constitution or any statute
- 29 of the United States prohibits from being used to measure the
- 30 tax imposed by this chapter.
- 31 (B) Income that is derived from sources outside the United
- 32 States, as defined by the Internal Revenue Code.
- 33 (C) An amount equal to a debt or part of a debt that becomes
- 34 worthless, as permitted under Section 166(a) of the Internal
- 35 Revenue Code.
- 36 (D) An amount equal to any bad debt reserves that are
- 37 included in federal income because of accounting method
- 38 changes required by Section 585(c)(3)(A) or Section 593 of

1 the Internal Revenue Code.

2 (b) In the case of a credit union, "adjusted gross income" for a
3 taxable year means the total transfers to undivided earnings minus
4 dividends for that taxable year after statutory reserves are set aside
5 under IC 28-7-1-24.

6 (c) In the case of an investment company, "adjusted gross income"
7 means the company's federal taxable income multiplied by the quotient
8 of:

9 (1) the aggregate of the gross payments collected by the company
10 during the taxable year from old and new business upon
11 investment contracts issued by the company and held by residents
12 of Indiana; divided by

13 (2) the total amount of gross payments collected during the
14 taxable year by the company from the business upon investment
15 contracts issued by the company and held by persons residing
16 within Indiana and elsewhere.

17 (d) As used in subsection (c), "investment company" means a
18 person, copartnership, association, limited liability company, or
19 corporation, whether domestic or foreign, that:

20 (1) is registered under the Investment Company Act of 1940 (15
21 U.S.C. 80a-1 et seq.); and

22 (2) solicits or receives a payment to be made to itself and issues
23 in exchange for the payment:

24 (A) a so-called bond;

25 (B) a share;

26 (C) a coupon;

27 (D) a certificate of membership;

28 (E) an agreement;

29 (F) a pretended agreement; or

30 (G) other evidences of obligation;

31 entitling the holder to anything of value at some future date, if the
32 gross payments received by the company during the taxable year
33 on outstanding investment contracts, plus interest and dividends
34 earned on those contracts (by prorating the interest and dividends
35 earned on investment contracts by the same proportion that
36 certificate reserves (as defined by the Investment Company Act
37 of 1940) is to the company's total assets) is at least fifty percent
38 (50%) of the company's gross payments upon investment

1 contracts plus gross income from all other sources except
2 dividends from subsidiaries for the taxable year. The term
3 "investment contract" means an instrument listed in clauses (A)
4 through (G).

5 SECTION 4. [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]

6 **(a) As used in this SECTION, "Internal Revenue Code" has the**
7 **meaning set forth in IC 6-3-1-11, as amended by this act.**

8 **(b) IC 6-3-1-11, as amended by this act, does not authorize a**
9 **taxpayer, in the determination under:**

10 **(1) IC 6-3-1-3.5; or**

11 **(2) IC 6-5.5-1-2;**

12 **of adjusted gross income for a taxable year that began before**
13 **January 1, 2003, to deduct any part of a depreciation allowance**
14 **allowed in computing the taxpayer's federal adjusted gross income**
15 **that is attributable to the additional first-year special depreciation**
16 **allowance (bonus depreciation) for qualified property allowed**
17 **under Section 168(k) of the Internal Revenue Code for that taxable**
18 **year.**

19 **(c) For a taxable year beginning in 2002 or 2003, an individual**
20 **whose determination under IC 6-3-1-3.5 of adjusted gross income**
21 **for the taxable year includes the deduction under Section**
22 **62(a)(2)(D) of the Internal Revenue Code is treated as having**
23 **complied with IC 6-3."**

- 1 Page 6, line 23, delete "and" and insert ",".
- 2 Page 6, line 23, delete ", both" and insert ", **and IC 6-5.5-1-2, all**".
- 3 Renumber all SECTIONS consecutively.
(Reference is to HB 1728 as introduced.)

and when so amended that said bill do pass.

Representative Crawford